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Copy 1 of 7

11 April 1956

MEMORANDUM FOR: Project Director

THROUGH : Project Administration Officer

SUBJECT : Status of Funds Committed to AEC for Watertown

1. As reported by AEC there is listed hereunder the status of funds committed to AEC for use of Reynolds Electrical and Engineering Company for construction and operation of Watertown as follows:

| CONSTRUCTION 1955 | O & M 1955 | TOTAL 1955 | CONST. THRU 3/31/56 | O & M THRU 3/31/56 | TOTAL O & M & CONST. THRU 3/31/56 |
|---------------------------|-------------------|---------------|------------------------|--|---|
| 441,766.00 | 65,803.00 | 507,569.00 | 667,236.00 | 497,828.00 | 1,165,062.00 |
| Total Construction 1955 | \$ 441,766.00 | | | Total O & M 1955 | \$ 65,803.00 |
| Total Construction 1956 | <u>667,236.00</u> | | | Total O & M 1956 | <u>497,828.00</u> |
| Construction Thru 3/31/56 | \$ 1,109,000.00 | | | O & M Thru 3/31/56 | \$ 563,631.00 |
| Commitment (as adjusted) | | | | | |
| Expensed | 1955 | | \$ 784,916.00 | | |
| Balance | 1955 | | <u>507,569.00</u> | | |
| | | | | | \$ 277,347.00 * |
| Commitment | | | | | |
| Expensed (thru 3/31) | 1956 | | \$ 1,215,084.00 | | |
| Unfilled Req. Reserve | 1956 | | <u>1,165,062.00</u> | | |
| Balance (3/31/56) | 1956 | | <u>25,000.00</u> | | |
| | | | | | <u>25,022.00</u> |
| | | | | Total Available Fiscal Years 1955 & 1956 | \$ 302,369.00 |

* I am unable to determine what portion of this figure was actually obligated with REECO prior to 30 June 1955 as we do not have a copy of the contract between AEC and REECO, even though I have asked AEC for a copy. We have the entire amount obligated on the Agency books and insofar as we are concerned, the \$302,369.00 remains available for expenditure.

2. If the report (informal) furnished by AEC is correct it would seem that we need to authorize the expenditure of an additional \$166,000.00 (average figure rounded) for Operational and Maintenance during the remainder of fiscal year 1956, plus any additional amount that we decide to have obligated for construction during the remainder of this fiscal year. We will need an additional certificate from the Department Head under P. L. 119, Section 10 (b), for all amounts in excess of \$1,000,000.00.

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The incoming cashier upon reporting for duty, through the camp manager's office where he obtains the key to the cash drawer, counts the change in the cash register and acknowledges receipt as mentioned above, unless there should be a discrepancy in which case he must immediately bring this information to the attention of the camp manager or he will be held responsible.

(d) Between 1900 and 2000 hours daily the camp manager (RESCO) or his assistant will clear the register, pull and/or change the tape, lock the tape container, leave one hundred dollars (\$100.00) in the change drawer and otherwise insure that the machine is in order for the business of the next shift.

(e) All proceeds and tapes are audited by the camp manager and/or his assistant and any discrepancies are investigated and resolved. The funds, tapes and necessary transmittal paper showing complete breakdown of the day's receipts are placed in a locked money pouch and released to the daily courier for delivery to RESCO accounting section in Las Vegas, Nevada.

(f) The Chief Accountant (RESCO) performs a daily audit of receipts and if found to be in order signs a copy of the transmittal sheet acknowledging receipt of funds and relieving the camp manager (RESCO) of further responsibility. This acknowledgement is placed in the money pouch which is locked and returned to the Camp Manager with the daily courier.

(g) In my opinion the only possibility of defeating the above system, considering it will be properly maintained, without collusion between several individuals would be that the cashier may become lax and permit an individual to go through the line without paying for his meal. RESCO advised since contractor type personnel are not charged for their meals (it being the responsibility under contract for the Government to provide their meals) it would be impractical to install a turnstile arrangement. Another possibility of guarding against someone going through the line without paying or showing a number would be to employ an official to watch the cashier at a cost of roughly \$8,000. per annum plus burden and profit. Obviously this was ruled out, but fast, with the premise that the cashiers will be questioned at periodic intervals to be sure and collect or otherwise account for each meal served.

HOLDING

3. The procedure for handling this item of revenue did not need any material changes to provide reasonable controls, but the system has been extended by our Commanding Officer to provide RESCO camp manager with information in support of his accountings. The system in effect operates as follows:

(a) A representative of the Agency Security meets cash conveyance bringing officials or individuals into the location for the purpose of determining access suitability, checking passenger list (previously prepared), furnishing a

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pass to the site for each individual (see Attachment A) and rendering advice as to location of official whom he desires to hold discussions, time of each meal and location of mess, effecting room assignments and advising each individual he is to report to the camp manager and pay for his room and obtain a receipt, before departing.

(b) From the information gained a record of room assignments is made (see Attachment B). This record is maintained on a current basis and shows the date each individual arrived, number of nights on the base with each departure date for all indefinite personnel at the location. Transit personnel are also shown on this roster and they are again reminded at time they relinquish the badge of the requirement to settle with the camp manager for room assessments prior to departing. (a and b above it is understood have been in effect for a considerable period of time.)

(c) At the end of each month our Commanding Officer transmits a certified correct copy of this roster (attachment B) to the camp manager (RECO) for use in (1) determining the correctness of cash collected during the period from transient individuals and (2) rendering billings to indefinite personnel at the location.

(d) The camp manager (RECO) is required to be most discreet in handling this listing because of the security considerations involved, but the disposition of the receipts and the camp manager's release of responsibility is accomplished exactly as is the revenue received from the mess.

3. The camp manager and Chief Accountant (RECO) as well as the Internal Auditor (AM) and our personnel are satisfied with the above system and in my opinion, it is as sound as any that may be installed without going to a considerable amount of additional expense. It is my understanding you desire to make this information available to our contact in the Bureau of the Budget.

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 Project Computer

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Attachments: a/s

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